

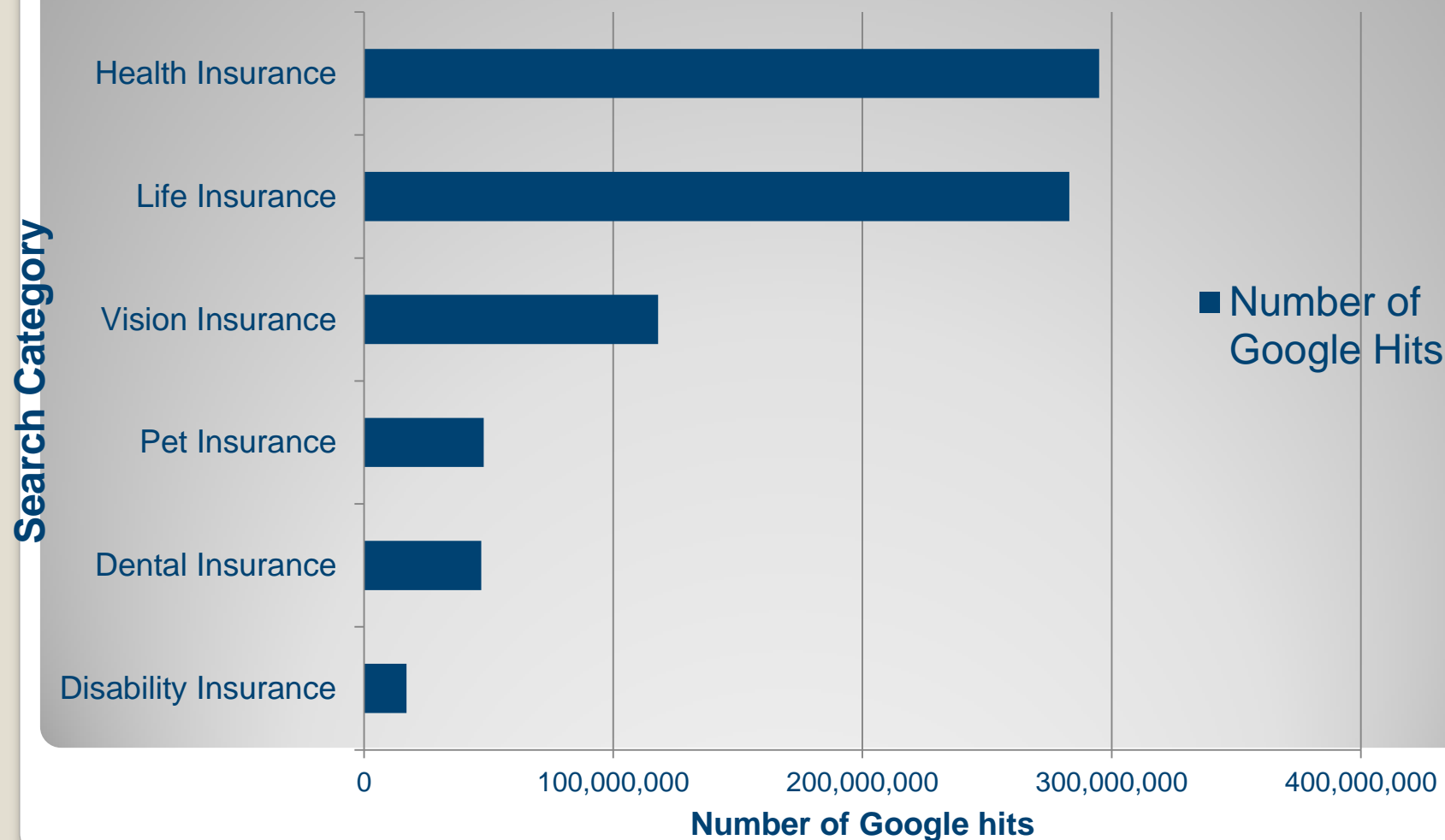
Business Planning With Disability Insurance



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What are people searching for?

Number of Google Hits



Consider the Likelihood...

Chances of a Disability Lasting 12 Months or Longer (before age 65)			
Age	2 Owners	3 Owners	4 Owners
27	26.3%	36.7%	45.7%
37	24.5%	34.5%	43.1%
47	20.7%	29.4%	37.1%
57	12.1%	17.6%	22.8%

**Commissioner's Individual Disability Table B - Equally Weighted
90 Day Elimination Period.**

Business Owners Face Four Types of Disability Risk

- Keeping a roof over their head --
- Individual Disability Income (DI) Insurance
- Keeping the business doors open –
- Overhead Expense (OE) Insurance
- Keeping the investment intact –
- Disability Buy-Out (DBO) Insurance
- Replacing the lost revenue of a key person
- Key Person Insurance

Changes to the Disability Income Market over the Last Five Years

- Issue limits have increased from \$15,000 per month to \$30,000
- Rates have gone down about 15%
- True “own occupation” definition of disability has been re-introduced
- Retirement Security benefits have been introduced
- 20% discounts available with 3 or more lives

**Keeping the
Business Open...**

**with Business
Overhead Expense
Insurance**

Why Overhead Expense?

- Objective
 - Reimburse a business owner/partner for business expenses incurred during his/her disability.
- Benefits
 - Helps insure practice value so the owner can:
 - return to financially sound business or
 - sell the practice that has not depreciated because of the owner's disability

Examples of Covered Overhead Expenses

- Lease or mortgage payments
- Utilities
- Employee salaries and benefits - some limitations
- Payments for leasing or purchasing furniture and equipment
- Accounting, billing, and collection fees

- Reimburses the individual, or the bank, the monthly loan payment when disabled
- 30, 60 or 90 day wait
- Up to 30 year benefit period
- Tied to the payment schedule up to balloon payment
- Up to \$10,000 per month benefit
- Up to \$1M total value

Business Loan Protection Rider

Keeping the Investment Intact... Disability Buy-Out

Why Disability Buy-Out Insurance?

- Objective
 - Reimburses money paid for the purchase of a disabled owner's interest in the practice in the event of a long-term disability.
- Benefits
 - Provides a plan before there is fear of the unknown
 - Provides certain funding for the disabled and non-disabled owners

Buy-Sell Considerations

- Method of payment
 - When is the first payment due?
 - 12, 18 or 24 month waiting period
 - How should it be paid? And When?
 - Lump sum payment
 - Monthly installments
 - 24, 36, 48 or 60 months
 - Combination of both

- Insures the revenue that is generated by the key person
- Policy is owned by the business and payable to the business
- Not tax deductible but income is received tax free

Key Person Objective

Open the Conversation

- When was the last time you audited your income replacement plan?
- When was the last time you reviewed your buy/sell agreement? Is it doing for you what you expect it to do?
- When was the last time you valued your practice?
- Would your practice survive the loss of a partner?

Thank you!

Any Questions???

Nathaniel L. Moore is a Registered Principal with, and securities offered through LPL Financial, member FINRA/SIPC

The information contained herein is not intended as a recommendation or specific advice. To determine what is appropriate for your situation, consult your financial advisor.